



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

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## **India**

### **Grain and Feed**

#### **India Authorizes Subsidized Rice Exports**

**2001**

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#### **Report Highlights:**

**Burdened with 60 million tons of foodgrain stocks, India has authorized the subsidized export of three million tons of rice.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
New Delhi [IN1], IN

Close on the heels of authorizing 5 million tons of subsidized wheat exports for FY 2001/02 (see IN1017), the Indian government has approved exports of 3 million tons of rice. The situation is to be reviewed in August, and depending on the monsoon's performance and stocks situation export allocations may be increased.

Private traders, as well as government parastatals, will be allowed to export. The export price (ex-government warehouse), to be decided by a high level inter-ministerial committee, is to be no lower than the sales price applicable to the Below Poverty Line (BPL) clientele of the Public Distribution System (rs. 5,650/\$121/ton). At this level, the FOB price is unlikely to fall below \$135/mt for 25 percent broken, considering transportation to the ports and the cost of cleaning the below-standard rice procured by the government. This will make exports difficult, if not impossible. According to some sources, unless the GOI makes rice available at \$110/ton, there will be little scope for exports. The open market price of rice in Delhi is \$215/ton, while the government reckons the "economic cost" of its rice at \$243/ton.

Record rice procurements in the last two years, combined with reduced offtake (in response to higher sales prices), have left government rice stocks at an unprecedented 23.2 million tons as of April 1. Together with record wheat stocks (21.5 million tons on April 1, and projected to reach 38 million tons by July), the Indian government faces its worst ever storage crisis, and is trying to alleviate it with subsidized exports on an already distressed world market.